89-471

(1)

Supreme Court, U.S.
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No. _____

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1989

JAMES N. CONSTANT,

Petitioner

v.

THE UNITED STATES,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

James Constant
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Pro se petitioner

67pp

QUESTIONS PRESENTED FOR REVIEW

1. Whether substantive rights in the inventor are automatically created through issuance of a secrecy order.

2. Whether the Government was granted eminent domain or police powers under the Invention Secrecy Act and whether petitioner shall receive just compensation for the taking of his invention.

3. Whether the prohibition on disclosure by the Invention Secrecy Act is a prior restraint on petitioner's First Amendment right to publish his invention and whether petitioner shall receive just compensation for the prohibition of his right to publish his invention.

4. Whether the denial of petitioner's right to just compensation for the taking of his invention and for the prohibition on disclosure of his invention deny petitioner's due process guaranteed by the Fifth Amendment.

4. Whether the Invention Secrecy Act requires compensation for petitioner where the invention was suppressed but not used by the Government.

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The petitioner, James Constant, respectfully prays that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Federal Circuit decided 14 August, 1989 attached as APPENDIX A.

OPINION BELOW

The Court of Appeals for the Federal Circuit issued its decision attached as APPENDIX A-2 affirming the decision of the United States Claims Court decided 10 April, 1989 attached as APPENDIX B.

JURISDICTION

The jurisdiction of this Court is invoked under 28 USC 1254(1).

STATEMENT OF THE CASE

On 12 March, 1986 the Government issued a secrecy order on petitioner's invention pursuant to 35 USC 181 (Compl EXH 1). Petitioner was authorized to disclose the subject matter of the application to (a) officers and employees of the Government, (b) to persons designated specifically by the Government, and (c) to persons working with petitioner (Compl EXH 2). The application was allowed on 13 November, 1987 (Compl EXH 3).

On 8 January, 1988 petitioner applied to the Navy for a settlement agreement pursuant to 35 USC 183 (Compl EXH 4).

On 3 March, 1988 the Navy requested (1) a copy of the Notice of Allowance, (2) a copy of the application, (3) a designation of the alleged infringing item, (4) a designation of at least one claim alleged to be infringed, and (5) evidence of title to the application alleged to be infringed. The

Navy stated that when the above information is received petitioner's claim will be docketed. * See letter 3 March, 1988 in EXHIBITS to petitioner's motion for summary judgement.

On 7 March, 1988 petitioner filed a complaint for compensation with two claims, first, petitioner's invention was taken by the Government (Compl par 7) and, second, petitioner's invention is being used by the Government (Compl par 8). The complaint also alleges that the Navy has failed or declined to make a settlement with the petitioner (Compl par 5). * Defendant did not answer the complaint.

By order 5 May, 1988 the Court of Claims (CC) (1) required petitioner to permit access to documents and (2) stayed proceedings to exhaust available administrative remedies under 35 USC 183. Petitioner filed a motion

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* The complaint did not allege infringement of the invention

for relief from order on grounds that the information is available and controlled by defendant, that defendant proceeds on a theory of non-alleged infringement, and that the defendant's construction of the term "upon presentation of a claim" in Section 183 as an "infringement claim" do not apply for either the taking or Section 183 claims. By order 9 June, 1988 the CC denied petitioner's motion for relief.

On 14 July, 1988, pursuant to CC orders of 5 May and 9 June, 1988 petitioner answered the Navy's letter of 3 March, 1988 by responding to each request as follows (1) enclosed a copy of the Notice of Allowance, (2) gave the Navy permission to obtain a copy of the application, and (3) - (5) stated to the Navy that petitioner does not allege infringement of the application. See letter 14 July, 1988 in EXHIBITS to petitioner's motion for summary judgement.

On 3 October, 1988 the Navy renewed its request for information of the alleged infringing item and claim alleged to be infringed and made a new request that a copy of the application is required as set forth in 37 CFR 5.5. * See letter 3 October, 1988 in EXHIBITS to petitioner's motion for summary judgement.

On 20 October, 1988 petitioner informed the Navy that as to the request for modification of the secrecy order (1) such request is not a condition under 35 USC 183, (2) 35 USC 188 gives the Navy powers of access and copy of the application, and (3) renewals of the

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* Permit A (Compl EXH 2) authorizes disclosure to officers or employees of the Government. 37 CFR 5.5 authorizes application to Commissioner of Patents for permit to disclose information in patent application that is under secrecy order for purposes of using the information commercially. Constant v. U.S., 206 USPQ 313,319

secrecy order by the Navy show that the Navy already has copies of the information. * As to the request for designation of the alleged infringing items and claims (1) the claim under 35 USC 183 is for use of the invention resulting from the disclosure and (2) infringement is not a condition for compensation under 35 USC 183. See letter 20 October, 1988 in EXHIBITS to petitioner's motion for summary judgement.

On 29 November, 1988 the Navy again repeated its requests for (1) modification of the secrecy order in accordance with 37 CFR 5.5, (2) access to the Patent and Trademark Office (PTO) application, and (3) identification of the alleged infringing items and claims. The Navy concludes

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* The Navy has renewed the secrecy order for the third consecutive year. See renewal attached in petitioner's Reply to Government's Brief on appeal

that "based on the information available to the Navy . . . no use of the invention by the Government resulting from your disclosure can be established". * See letter 29 November, 1988 in EXHIBITS to petitioner's motion for summary judgement.

After the stay ordered by the CC ended, petitioner requested summary judgement, first, that the secrecy order is a taking of property for public use which requires compensation under the 5th Amendment, second, that the prohibition on disclosure acts as a prior restraint on petitioner's 1st Amendment right to publish the invention which requires compensation under the 5th Amendment and,

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* Throughout these proceedings, defendant seeks to construe petitioner's claims under the 5th Amendment and Section 183 as infringement claims. However, the scope of Section 183 is wider than the scope of infringement claims. Constant, supra 318 note 10

third, compensation is necessary under 35 USC 183 for use of the invention resulting from the disclosure.

Defendant moved out of time to dismiss the complaint pursuant to Rules 41(b) and 12(b) on grounds that petitioner has failed (1) to comply with orders of the court and (2) to state a claim for which relief can be granted. Defendant also moved for leave to file out of time defendant's pending motion to dismiss and to postpone the filing of an answer or otherwise respond to the complaint.

By judgement and opinion filed 10 April, 1989, attached as APPENDIX B-2, the CC denied petitioner's motion for summary judgement, granted defendant's motion to dismiss (*) and dismissed the

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* Defendant's motion to dismiss was technically out of time (2 months after the time allowed under Rule 12(b)). Petitioner's request for default (p 2 in (footnote continued)

complaint with prejudice as to the 5th Amendment claim and without prejudice as to the Section 183 claim. By errata 12 April, 1988 attached as APPENDIX B-34 the CC deleted footnote 5 in its entirety. * By notice 12 April, 1989 attached as APPENDIX B-35 the CC denied defendant's motion to file out of time defendant's pending motion to dismiss and to answer the complaint.

By decision 14 August, 1989 attached as APPENDIX A the Court of Appeals affirmed the Claims Court decision APPENDIX B.

(footnote continued from previous page) petitioner's opposition to defendant's motion to dismiss) was not considered by the CC

* The CC treated defendant's motion to dismiss as a cross motion for summary judgement to thereby remove its default as a response to the complaint. Nevertheless, the cross motion (motion to dismiss) was also out of time as a response to petitioner's motion for summary judgement. The notice APPENDIX B-34 deleting footnote 5 seeks to remove this issue from the record

REASONS FOR GRANTING THE WRIT

No secrecy order ever underwent judicial review for appropriateness. There has been no First Amendment judicial test of the Invention Secrecy Act, and the statutory right of an inventor to just compensation for secrecy order damages appears more illusory than real. HOUSE REPORT No 96-1540 96th Congress 2nd Session, December 22, 1980, "The Government's Classification of Private Ideas" page 2 (hereinafter cited as REPORT).

Few claims are settled promptly and satisfactorily, without litigation. REPORT 6-7. Defense agencies take the position that an applicant suffers no damages from a secrecy order. In this view, any claim of damages is wholly speculative. The secrecy order is deemed incapable of inflicting damages in and of itself. REPORT 7. The Fifth Amendment question

posed by the Invention Secrecy Act is whether the Government was granted eminent domain or police powers over all the ideas within its jurisdiction, and whether patent applicants truly receive just compensation for the taking. These issues are central to peacetime invention secrecy and must be resolved. REPORT 8.

The Navy's view of inventor compensation is that "certain substantive rights in the inventor are automatically created" through issuance of a secrecy order. REPORT 42. Nevertheless, "defense agencies apparently have chosen not to recognize such rights in the form of administrative awards for secrecy order damage claims --expressly authorized by the Invention Secrecy Act of 1951-- where the invention was suppressed but not used by the Government and the Government was the sole intended market for the invention". REPORT 43.

In the instant case, the CC opinion does not recognize that "certain substantive rights in the inventor are automatically created" through issuance of the secrecy order. Rather, it treats the taking and Section 183 claims as "infringement" claims and holds that "There would have to be 'real concrete evidence of damage', 'actual damages' . . required for recovery". APP B-16 and B-28 renumbered fn 6/. The CC opinion concludes that

> "More importantly as far as plaintiff's present motion for summary judgement is concerned, whether or not the Government has used the invention is clearly a material fact question rendering judgement for plaintiff, in any event, inappropriate". APP B-13.

Clearly, according to the opinion in APP B, no substantive rights in the inventor are automatically created through issuance of the secrecy order. The petitioner must allege and prove "actual" damage or use of the invention. Specifically "You were requested to provide significant designation to permit identification of the alleged infringing item" and "you have failed to designate at least one claim of Application Serial No. 700,871 alleged to be infringed and you have failed to establish a claim for use of the invention by the Government". APP B-6,7. * Thus, while the Invention Secrecy Act declares that an applicant under secrecy order has the right to seek just compensation for damage

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* The CC acknowledges that petitioner does not allege "infringement". APP B-9 fn 2/

by the order itself, the Navy has specified the form and content of an administrative claim as an "infringement" claim. REPORT 7.

The confiscation of ideas is the gravamen of petitioner's claim. The Government and courts below do not acknowledge in paying claims and making settlements for the confiscation of ideas. They have shut the doors to any administrative or judicial relief because "petitioner did not in good faith attempt to exhaust his available administrative remedies" to establish a viable claim for "actual" damage or use as an "infringement" claim requested by the Navy. APP B-27.

1. Fifth Amendment Claim

Since the value of petitioner's property has been substantially diminished and since the property was put to some use (the secrecy order prevents the invention disclosure with adverse consequences to the national security)(*), the minimum standards for a taking claim are met and compensation under the Fifth Amendment is due without inquiring into the legislative intent of the interfering statute 35 USC 181. Hawaii Housing v. Midkiff, 104 S Ct 2321 (1984).

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* Although the 5th Amendment refers to "public use" as a prerequisite for the exercise of eminent domain, the Court defines "public use" as the equivalent of "public purpose". See FAWCETT "Eminent Domain, the Police Power, and the Fifth Amendment", 47 U.Pitt.L.R. 491 (hereinafter cited as FAWCETT) at page 504 notes 63, 34-39 citing numerous S Ct cases

Moreover, even if the property is put to no use, it is clear that the legislative intent of 35 USC 183 is to compensate patent owners "where the invention was suppressed but not used by the Government". REPORT 43. Thus, whether or not the Government has used the invention is not a material fact question rendering judgement for petitioner, in any event, appropriate.

The First Amendment question posed by the Invention Secrecy Act is whether the Government compensates for its involuntary prohibition of disclosure of protected commercial speech. REPORT 25-28. See also GILBERT "Patent Secrecy Orders" 22 S.Cl.L.R. 325 (hereinafter cited as GILBERT) at pages 357-364 citing Central Hudson Gas v. Public Service Comm., 447 U.S. 557 (1980). Under the four-part Central Hudson analysis, a patent application is protected commercial speech. GILBERT 359

In the instant case, the secrecy order acts as a prior restraint on the Petitioner's First Amendment freedom to publish. Such a prior restraint on publication has many indicia of a taking of private property for a public purpose which necessitates Government compensation for the value of the property. The denial of petitioner's right to such constitutionally mandated compensation, denies petitioner's due process rights guaranteed by the Fifth Amendment. GILBERT 329.

2. Section 183 Claim

In Constant v. U. S., 206 USPQ 313,319 (CC 1980)(hereinafter cited as Constant I) and in Constant v. U.S., 216 USPQ 505,512 (CC 1982)(hereinafter cited as Constant II) the CC held that, on the basis of statements made at the hearing enacting Section 183 by various witnesses, "We think the consensus at the hearings

was that neither the courts nor the administrative agencies would permit purely speculative damages, but that there would have to be 'real concrete evidence of damage', 'actual damages', 'proven damages', or 'perhaps a greater degree of proof or ability to prove damages'".

The CC appears to have established the dicta in the earlier case as the law in the present case. APP B-16. Thus, "Plaintiff's claims can as easily be dismissed by the court for failure to demonstrate "actual damages" or failure to present "concrete evidence of damages" required for recovery under Section 183. APP B-28 renumbered fn 6.

This court has the power to revisit prior decisions in any circumstances such as where the initial decision was clearly erroneous and would work a manifest injustice. Christianson v. Colt Industries, 7 USPQ2d

1109,1117 (US S.Ct. 1988). The earlier case decision is clearly erroneous because, first, the plain language of Section 183 does not contain the adjectives "concrete evidence of", "actual", "proven" to qualify the terms "damage" and "use" in the statute and because, second,

> ". . the legislative history should not be used to contradict a statutory directive . . . The legislative history, especially the statements of individual congressmen or senators, should not be used to circumvent this statutory directive". Wallace v. Christensen, 802 F2d 1539,1556 n 1 (CA9 1986)
>
> "The fact of the matter is that legislative history can be cited to support almost any proposition". Id 1559
>
> "As the Supreme Court has noted 'legislative history . . . by traditional canons of interpretation, is irrelevant to an unambiguous statute". In re Kelly, 841 F2d 908,912 (CA9 1988)

> "To the extent that legislative history may be considered, it is the official committee reports that provide the authoritative expression of legislative intent . . . Stray comments by individual legislators, not otherwise supported by statutory language or committee reports, cannot be attributed to the full body that voted on the bill. The opposite inference is far more likely. Id n 3.

See also the article by A. Kozinsky "Hunt for Law's 'True' Meaning Subverts Justice", Wall Street Journal, 31 January, 1989 (EXHIBIT 1 in petitioner's brief on appeal).

Moreover, following the earlier decision works a "manifest injustice" because the clear errors of the earlier case bind the present case.

The CC opinion (Part III) that petitioner's claim is an "infringement" claim is based on that court's holding that "actual" damage or use is required for recovery under Section 183. APP B-28

renumbered fn 6/. However, the Invention Secrecy Act requires compensation where the invention was suppressed but not used by the Government.

> "The Invention Secrecy Act removed these limitations, declaring that an applicant under secrecy order has the right to seek compensation from the agency that caused the order to be issued: damage caused by the order itself . . . Defense agencies take the position that the applicant suffers no damages from a secrecy order when the invention was intended exclusively for a Government market and the Government does not use the invention. In this view, any claim of damages is wholly speculative, since the applicant has no market by which to substantiate the value of an invention. The secrecy order is deemed incapable of inflicting damages in and of itself". REPORT 7.
>
> " . . . defense agencies do not make administrative awards for secrecy order damage claims where the invention was suppressed but not used by the Government . . . REPORT 28

CONCLUSION

The petition should be granted because the court of appeals decision is in conflict with the purpose of the Invention Secrecy Act, and because it denies petitioner's just compensation for the taking of his property and for the prohibition of disclosure of the invention.

For the foregoing reasons, petitioner James Constant respectfully requests that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Federal District attached as APPENDIX A affirming the decision of the Claims Court attached as APPENDIX B.

Respectfully submitted

9/19/89

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APPENDIX A

UNITED STATES COURT OF APPEALS

FOR THE FEDERAL CIRCUIT

89-1429

JAMES CONSTANT,

Plaintiff-Appellant,

v.

THE UNITED STATES,

Defendant-Appellee.

DECIDED: August 14, 1989

Before MARKEY, Chief Judge, COWEN, Senior Circuit Judge, and MICHEL, Circuit Judge.

PER CURIAM.

DECISION

James Constant appeals from a decision of the United States Claims Court, which granted the government's cross-motion for summary judgement; denied Constant's motion for summary judgement and dismissed the complaint. We affirm the decision on the basis of Judge Lydon's opinion. 16 Cl Ct 629 (1989).

APPENDIX B

IN THE UNITED STATES CLAIMS COURT

No. 147-88C

(Filed: April 10, 1989)

JAMES CONSTANT,

Plaintiff,

v.

THE UNITED STATES,

Defendant.

Taking; security statute, 35 USC 183; just compensation, exhaustion of available administrative remedies; summary judgement.

James Constant, Claremont CA, pro se plaintiff.

Vito J. DiPietro, Washington, D.C., with whom were Assistant Attorney General John R. Bolton, for defendant.

OPINION

LYDON, Senior Judge,

The complaint in this case was filed on March 7, 1988. An answer has not been filed and the court's unpublished orders of May 5,

1988 and June 9, 1988 explain some of the problems relative thereto. These problems have persisted since the date of those orders.

There is now before the court two motions. Plaintiff has filed a motion for summary judgement and defendant has filed a motion to dismiss. In ruling on these motions, the court will discuss the continuing problems clouding this litigation.

I

On February 11, 1985, plaintiff filed an application for a patent with the Patent and Trademark Office, Department of Commerce (PTO). Plaintiff's patent application involved an invention called a Gravitational Mass Detector. On March 12, 1986, a secrecy order relative to this patent application was issued pursuant to 35 USC 181 (1982)(secrecy statute). Section 183 of the secrecy statute provides that a patent applicant can apply to the head

of any department or agency who caused the secrecy order to be issued for compensation for any damage caused by the order of secrecy and/or for the use of the invention by the Government. If full settlement of the claim could not be reached, the claimant could bring suit in this court. Section 183, in substance, provides plaintiff herein with an available administrative remedy.

Plaintiff submitted to the Navy, on January 8, 1988, a naked request for a settlement agreement. In response, on March 3, 1988, the Navy advised it needed additional information from plaintiff in order to properly docket his claim. Plaintiff, it would appear, refused to engage the administrative process in good faith. Plaintiff insists he has asked for a settlement agreement and, under the circumstances, he believes no further action is necessary. It is the Navy's obligation, plaintiff brazenly asserts, to give him a

settlement agreement without any input from him.

In the court's May 5, 1988 order, plaintiff was directed to exhaust his available administrative remedies. Plaintiff, it would appear, has failed to do so in a good faith, meaningful, and cooperative manner. Plaintiff wrote two letters to the Navy dated July 14, 1988, and October 20, 1988, relative to his settlement request. On November 1988, the Navy wrote plaintiff as follows:

> This office has twice, in letters dated 3 March, 1988 and 3 October 1988, requested information to establish a claim under 35 USC 183.
>
> You refused in your 20 October 1988 letter to petition the Commissioner of Patents and Trademarks for modification of the secrecy order in accordance with 37 CFR 5.5, claiming that such a condition is not required under 35 USC 183. Section 183 provides "the right to compensation for . . . use of the invention by the Government." Use of the invention can only be determined by the scaope of the allowed claims. Therefore, access to the entire patent application is necessary for the

Navy to determine whether it has made any use of the invention considered allowable by the Patent and Trademark Office (PTO).

While the Navy has a copy of the application as originally filed, the Navy has no knowledge of the application as amended or modified by prosecution before the PTO. The Navy has no way of knowing what the PTO has determ to be your invention on which your claim under 35 USC 183 can be based. As mentioned in this office's letter of 3 October 1988, the Navy is unable to obtain access to the PTO application file unless you petition the Commissioner of Patents and Trademarks for a modification of the secrecy order. The Office of the Solicitor in the PTO has informed the Navy that your letter providing permission to permit the Navy to obtain access to the application would not be acceptable to the PTO to permit the Navy to have access to and copy the entire file wrapper of your application. Access to the PTO application file is not provided by 35 USC 188 as you claim. As noted in the court's order filed on 5 May, 1988, the procedure to permit access to a patent under secrecy order is set forth in 37 CFR 5.5. In that same order the court specifically instructed that steps be taken to modify the secrecy order to permit inspection and copying of the entire file of the patent application. Yet you again refused to do so.

In the letters of 3 March and 3 October you were requested to provide sufficient designation to permit identification of

the alleged infringing items or processes, giving the military or commercial designation, if known to you.

In your 20 October letter you stated that your claim under 35 USC 183, is "for use of the invention by the Government resulting from his invention". Use can only be determined when an item or process is identified or sufficient information is made available to identify an item or process. Since you have refused to permit access to the entire patent application and have failed to identify an item or process, there is no basis to establish a claim for the use of the invention by the Government, resulting from your disclosure as provided in 35 USC 183.

You have failed to designate at least one claim of Application No. 700,871 alleged to be infringed and thereby you have failed to establish a claim "for use of the invention by the Government resulting from his invention."

In this office's letter of 3 October 1988, it was requested that you respond to Defendant's Interrogatories to the Plaintiff, Set No. 1, previously served on 21 April 1988 by the Department of Justice. In the court's order of 5 May 1988, it encouraged voluntary and cooperative discovery between the parties. You have ignored this guidance from the court and failed to respond to this office's request.

> In summary, based on the correspondence available to date there are insufficient grounds to establish a claim for compensation under 35 USC 183.
>
> Based on the evidence available to the Navy, including the correspondence between this office and you, no use of the invention by the Government resulting from the disclosure can be established.
>
> Therefore this matter is considered closed.

In its order of May 5, 1988, as reemphasized in its order of June 9, 1988, the court directed plaintiff (1) to exhaust his available administrative remedies, and (2) to take steps to modify the secrecy order so as to enable defendant to obtain information necessary to file a response to plaintiff's complaint. The court in its may 5, 1988 order suspended proceedings in this case until December 5, 1988 so that plaintiff could comply with the above directives. However, plaintiff continues to refuse to comply in good faith with these directives.

Plaintiff on December 15, 1988 has

again filed a motion for summary judgement. 1/

II

Plaintiff's motion for summary judgement is essentially based on 28 USC 1491 resting on the contention that the secrecy order issued relative to his patent application, constitutes a Fifth Amendment taking of his property, and section 183, resting on the contention that use by the Government of his invention can be inferred by pendency of the secrecy order. 2/

In essence, plaintiff's taking claim as set forth in his complaint seems to rest on the view that imposition of the secrecy order, governed by section 181, constitutes

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1/ Two prior efforts by plaintiff to file summary judgement motions were unsuccessfull.The first effort was deemed premature, and the second effort was deemed improper, since proceedings in the case had been stayed pursuant to court order.

2/ It is to be noted that plaintiff disavows any claim for damages based on patent infringement.

a compensable taking of his invention. Such a broad view cannot be accepted. An inventor whose patent has been withheld under a secrecy order has a right created by statute, sections 181-88, to obtain compensation from the United States, and the statute sets forth procedures whereby this right may be realized. Furthermore, it is established that not every act of the Government which impinges on property rights constitutes a compensable taking. See Radioptics, Inc. v. United States, 223 Ct Cl 594, 618-24, 621 F2d 1113, 1126-29 (1980); Mosca v. United States, 189 Ct Cl 283, 289-90, 417 F2d 1382, 1385-86 (1969) cert den 399 US 911 (1970); Franco-Italian Packing Co. v. United States, 130 Ct Cl 736, 745-46, 128 F Supp 408,414 (1955).

A fundamental purpose of the secrecy statute was to prevent the dissemination of information contained in the patent application whenever the disclosure of such

information by the issuance of a patent would, or could, jeopardize the national security. It is true that the imposition of the security order has delayed the issuance of a patent to plaintiff and imposed other restrictions. However, the statute allowing for such action, provides alternative remedies. In its brief, plaintiff states he "does not claim compensation for damages caused by the order of secrecy". Under such circumstances, there can be no Fifth Amendment taking merely because of the issuance of the secrecy order.

Plaintiff's taking claim, however, goes a step further. Plaintiff avers that his invention is being used by the Government. This averment by plaintiff is naked and unsupported by any other allegation in the complaint. Plaintiff cites no specific use of the invention by the Government.

Plaintiff's assertion that the issuance of the secrecy order and its renewal twice provides a strong indication of the military value, and use of the invention by the Government cannot be accepted. 3/ It may well be that the secrecy order was issued for reasons unrelated to the invention itself; i.e., the patent application may relate to the background of an invention or its intended environment. More importantly, the secrecy order itself states that its imposition does not mean that the Government has adopted or contemplates adoption of the invention, nor is it any indication of the value, if any, of the

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3/ Under section 181, it is provided that a secrecy order was effective for a period of one year, but could be renewed by the Commissioner of the Patent Office for additional periods of one year upon notification by the chief issueing officer of the agency that an affirmative determination has been made that the national interest continues to require the secrecy order.

invention. The invention in question is not described or defined with any degree of particularity in the complaint or in any document of record. Ostensibly, it is described in plaintiff's pending patent application, but plaintiff refuses to take the steps necessary to permit defendant's attorney to examine that patent application. See the court's unpublished order of May 5, 1988. Until the patent application becomes available to the defendant's counsel and the court, no determination can be made regarding the nature and scope of the claimed invention. More importantly as far as plaintiff's present motion for summary judgement is concerned, whether or not the Government has used the invention is clearly a material fact question rendering summary judgement for plaintiff, in any event, inappropriate. RUSCC 56(c); see Anderson v. Liberty Lobby, Inc., 477 US 242,247-48 (1986).

Even if the circumstances relied on by plaintiff were viewed in a light most favorable to plaintiff, summary judgement in favor of plaintiff would not be appropriate. It is recognized that a taking claim is generally fact oriented and thus not generally susceptible to disposition by summary judgement. Yuba Goldfields, Inc. v. United States, 723 F2d 884, 887 (Fed Cir 1983).

In its order of May 5, 1988, the court informed plaintiff that if he did not take steps to request a modification of the secrecy order, the court would not consider, in any event, any taking claim asserted in his complaint. 4/ Plaintiff has refused to

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4/ As indicated earlier, the complaint in this case was filed on March 9, 1988. Defendant advised the court thereafter that it was unable to investigate the allegations in the complaint because of the secrecy order and requested the court to direct plaintiff to request a modification of said secrecy order so that defendant's counsel might examine the

take any steps in this regard. Accordingly, the court is not disposed to act on any taking claim, assuming such a claim had been properly established.

As a last word on plaintiff's taking claim, in its order of May 5, 1988, the court noted that plaintiff's complaint as drafted was most deficient in setting out a "taking" claim. A reading of plaintiff's briefs likewise indicates to the court that plaintiff has not sufficiently alleged a taking claim. Whatever claim plaintiff may have at this time can only emanate from the secrecy statute.

III

Having concluded that plaintiff's complaint and briefs do not state a compen-

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the patent to determine the nature and scope of the invention and thus be able to investigate whether or not the invention had been used by the Government.

sable Fifth Amendment taking, the next question is whether plaintiff has stated a claim under the secrecy statute.

It is interesting to note that, in this case, plaintiff has filed no petition to have the secrecy order rescinded. Plaintiff did just that in Constant, 1 Cl Ct 600,602 (1982), and the secrecy order was rescinded. The Constant case is also interesting in that the court stated that as to any damages under the security statute, neither the administrative agencies nor the courts were to permit recovery of "purely speculative" damages. There would have to be "real concrete evidence of damages", "actual damages" in order to recover damages under section 183. Id at 602. It is important to bear these observations in mind when assessing plaintiff's actions in this case.

Section 183, reasonably read, contemplates that a patent applicant, subject to

a secrecy order, would seek administrative relief before resorting to the courts where the secrecy order is still in effect at the time suit is filed. See Constant, 223 Ct Cl 148,156-57, 617 F2d 239,242-44 (1980). Further, section 183 contemplates that a "claim" would be submitted to the agency concerned "for the damage caused by the order of secrecy and/or for use of the invention by the Government, resulting from his disclosure."

In this case, plaintiff's "claim" to the agency consisted, in pertinent part, of a single sentence, i.e., "I will appreciate having your settlement as soon as possible". Under any definition of a claim, this single sentence does not constitute a claim. The agency concerned refused to docket it as a claim until it received additional information from plaintiff. Under the circumstances, this was a prudent and appropriate thing for the Navy to do. Plaintiff failed to provide

information to the Navy, and the Navy, concluding that plaintiff did not intend to provide information so as to establish what his claim was, considered the matter closed. See the November 29, 1988 Navy letter to plaintiff set out above. Plaintiff's contention that the Navy has failed, or declines, to make a settlement is without foundation. It takes two parties to make a settlement and plaintiff refuses to state what his claim is, how he has been damaged, and what he wants in terms of money damages.

On January 12, 1989, defendant filed a motion to dismiss. As its first ground, defendant seeks dismissal of the complaint because plaintiff has failed to comply with the court's orders. As the second ground, defendant contends plaintiff's complaint fails to state a taking claim for which relief can be granted. As its third ground, defendant contends that, as to plaintiff's

claim under 35 USC 183, he has failed to exhaust available administrative remedies provided him under section 183. Since defendant attached documentation in support of its motion to dismiss, the motion can be and is treated as one for summary judgement. See RUSCC 12(b). Plaintiff has had a reasonable opportunity to present all materials made pertinent to such a motion by Rule 56. See Celotex Corp. v. Catrett, 477 US 317, 325-26 (1986). Plaintiff filed an opposition to defendant's motion to dismiss. See New Am. Shipbuilders, Inc. v. United States, No. 88-1595 slip op. 10-11 (Fed Cir April 4, 1989), relative to the grant of summary judgement generally.

Apropos defendant's motion to dismiss based on plaintiff's disregard of the court's directives in its order of May 5, 1988, plaintiff states that as to his failure to take steps to request a modification of the

secrecy order, this acknowledged fact was not a sufficient ground for dismissal because the court in its May 5 order "instructs" plaintiff that if he failed to take such steps, the court would refuse to consider any taking claim advanced by plaintiff. Plaintiff says he was not "ordered" to take such steps and thus dismissal, as a sanction, is not warranted.

There is no question that plaintiff has refused to request a modification of the secrecy order. Plaintiff also has refused to submit in good faith a bona fide claim to the Navy which would serve as the starting point for administrative consideration of his section 183 claim, thereby failing to exhaust available administrative remedies. Moreover, plaintiff failed to comply with discovery requests from defendant after being made aware in the court's May 5, 1988 order that sanctions were available if he failed to do so. Plaintiff's defense to these failures is simply that dis-

missal is not warranted because the court did not order that he do so but only "instructed" him to do so. One of the definitions of "instruct" in the standard dictionary is "to give orders or direct". The totality of the court's May 5, 1988 order directed plaintiff to take the actions discussed above and indicates that dire results would ensue if he did not. Plaintiff's inactions in light of the court's May 5, 1988 order support dismissal of his complaint without more. However, dismissal of the complaint need not rest solely on sanctions since other grounds discussed hereinafter also support such an action.

Plaintiff initially challenges defendant's motion to dismiss as being filed out of time. As indicated previously, plaintiff's complaint was filed March 9, 1988. By court order, dated May 5, 1988, proceedings in this case were suspended until December 5, 1988. On December 15, 1988, plaintiff filed

a motion for summary judgement. On January 12, 1989, defendant filed its motion to dismiss. On January 17, 1989, defendant filed its opposition to plaintiff's motion for summary judgement. 5/ The matter can be viewed in several different ways. The court concludes that defendant's motion to dismiss, viewed as a cross-motion for summary judgement under RUSCC 12(b) and Rule 56, was timely filed, since it was filed within thirty-one days after the filing of plaintiff's motion for summary judgement. Any confusion in this regard was created by defendant's mischaracterization of its motion and its failure to file a single document containing both

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5/ Defendant's opposition to plaintiff's motion for summary judgement was due to be filed on January 16, 1989. Accordingly, it was filed one day out of time. Plaintiff offered no objection to this late filing, and it is now too late to object.

its cross-motion for summary judgement and its opposition to plaintiff's motion for summary judgement. The court, in treating the motion to dismiss as a cross-motion for summary judgement, believes that it in no way prejudices plaintiff under existing circumstances.

Defendant, in its motion, contends that the complaint fails to state a taking claim on which relief can be granted. Plaintiff's position is simply that, as a matter of law, the issuance of a secrecy order is a taking compensable under the Fifth Amendment. Plaintiff contends that the secrecy order substantially diminishes the value of his invention and as a practical result he is unable to exploit his invention. The court holds that the issuance of a secrecy order is not per se a taking and that diminution in value of his invention and inability to exploit his invention are

compensable elements of a claim under section 183, not under the Fifth Amendment. Plaintiff has cited no case which supports his position and cases dealing with damages relating to secrecy orders do so under section 183 and not under a Fifth Amendment taking. See Halpern v. United States, 258 F2d 36 (2d Cir 1958); Farrand Optical Co. v. United States, 325 F2d 328,335 (2d Cir 1963) (refused to allow "just compensation" interest since suit under section 183 and not Fifth Amendment); Constant, 223 Ct Cl 148,152, n 4, 154-55 (1980)(use of words "just compensation" in a federal statute does not necessarily mean that a constitutional taking is involved); Constant, 1 Cl Ct 600 (1982). See also Radioptics, Inc., 223 Ct Cl at 618.

While the complaint does not state a Fifth Amendment taking claim, a liberal reading of the complaint indicates that plaintiff may have a section 183 claim. See Constant, 223 Ct Cl at 158.

As to the section 183 claim, defendant, in its motion, contends that plaintiff has failed to state a claim on which relief can be granted since he failed to exhaust his available administrative remedies. Plaintiff impliedly recognizes his obligation to exhaust his available administrative remedies. On page ten of his summary judgement brief he states, in pertinent part:

> A suit for compensation may be maintained as soon as the administrative application is denied or results in an unsatisfactory award, even though a patent has not yet issued and the secrecy order is still pending. Halpern, supra 391. As interpreted by the courts, the plaintiff has the burden of establishing "use by the Government". McDonnell Douglas Corp. v. U.S., 214 USPQ 857, 862 (CC 1982).

Even if one were to concede that exhaustion of administrative remedies in this case was not mandatory, the language of section 183 and the circumstances attendant thereto dictate that exhaustion should be required. See Dutcher v. Smith, 693 F2d 79,80 (9th Cir 1982); Adler v. United States, 134 Ct Cl 200,202

(1956) (must exhaust even though exhaustion not mandatory). Exhaustion is required herein because plaintiff may vindicate his rights at the administrative level, thus making court intervention unnecessary. See McKart v. United States, 395 US 185,195 (1969); see also Ainsley v. United States, 8 Cl Ct 394,399-401 (1985).

Plaintiff answers that he has exhausted his available administrative remedies because the Navy "has failed or declines to make a settlement" with him. 6/

6/ As support for the finality of the Navy's action, plaintiff cites to the last sentence of the Navy's November 29, 1988 letter to him to the effect that the Navy considers the matter "closed". In context, however, that statement meant that since plaintiff refused to supply information to the Navy as requested it was in no position to determine if plaintiff had a valid claim or the amount of any such claim. Absent these facts, how could the Navy negotiate a settlement with plaintiff, and why should not the Navy consider the matter closed when plaintiff refuses to provide information germane to negotiation of a settlement.

It has been said that the doctrine of exhaustion of administrative remedies cannot be satisfied by less than a good-faith effort to achieve the purposes of the doctrine, and administrative remedies must be effectively pursued to finality before a court will engage in consideration of the matter. Nat'l Conservation Political Action Comm'n v. Fed. Election Comm., 626 F2d 953,956-57 (DC Cir 1980). The materials before the court reasonably establish that plaintiff did not in good faith attempt to exhaust his available administrative remedies. First, his request for a settlement, without more, does not constitute the submission of a claim to the Navy. The Navy told plaintiff so and requested further information from plaintiff. Since plaintiff refused to do so, the Navy had no claim before it and no basis on which to negotiate a settlement. The Navy has not failed nor did it decline to enter-

tain a claim from plaintiff. Instead, plaintiff refused to submit a viable claim on which the Navy could properly act.

Plaintiff's justification for its actions in this regard is that there are "numerous difficulties of proving a claim when the patent application is still covered by a secrecy order. . ." 7/ Because of these difficulties, plaintiff asserts, in the present case, plaintiff need only prove that he requested compensation from the Navy, that the Navy refused to make

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7/ This suggests to the court that plaintiff's section 183 claim may be premature. Also, it raises the question of why plaintiff has not petitioned for a recession of the secrecy order as he did in a different section 183 case he filed. See Constant, 1 Cl Ct 600,602 (1982). In any event, difficulties of proof ostensibly will exist whether the matter is litigated or considered administratively. Plaintiff's claim can as easily be dismissed in court for failure to demonstrate "actual damages" or failure to present "concrete evidence of damages" required for recovery under section 183 as plaintiff should know since that happened to him in Constant, id at 607 (1982).

an offer and that damage and/or use resulted from the disclosure. 8/ The court disagrees.

Section 183 contemplates the submission of a claim by plaintiff in good faith to the administrative agency. 9/ The agency cannot

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8/ Plaintiff did request a "settlement". However, no compensation figure was ever mentioned to the Navy. He never submitted a "claim" to the Navy as contemplated by section 183. He refused to provide information to the Navy as requested and thus the Navy was in no position to make an offer. As to "use" by the Government, plaintiff concedes he has the burden of establishing such use, but his complaint and attendant papers fail to show or even hint at such use. Indeed, plaintiff states that "use should be inferred from issuance of the secrecy order and two renewals thereof." It seems to the court that something more than this is required as a starting point. As indicated previously, the secrecy order itself cautions against drawing such an inference.

9/ Plaintiff does not argue that he is not obligated to exhaust administrative remedies under section 183 and properly so. See Halpern, 258 F2d 36,42,43 (2d Cir 1958). Since the secrecy order is still in effect, plaintiff must exhaust available administrative remedies. Constant, 223 Ct Cl 148, 156-57, 617 F2d 239,242-44 (1980). Plaintiff, however, maintains he has exhausted his remedies because the Navy has refused to (footnote continued)

(footnote 9 continued)
give him a settlement agreement and "the matter is considered closed". In context, however, the undisputed facts show that plaintiff refused to make a good faith effort to exhaust. While not raised by the parties, one reading of Farrand Optical Co., Inc. v. United States, 133 F Supp 555 (SDNY 1955) might conclude that an applicant with a claim under section 183 need not exhaust available administrative remedies. However, the holding in that case rests on its facts. In Farrand, the applicant negotiated with the agency for five years in an effort to obtain compensation under section 183. The agency in Farrand finally offered the applicant $30,000 in full settlement of its claim. The applicant rejected the offer as grossly inadequate. Thereafter, negotiations continued between the parties and were unsuccessful. The applicant thereafter filed suit in the District Court. The District Court, unpersuaded by the Government's contention that plaintiff had failed to exhaust available administrative remedies, rejected the Government's contention that an applicant could not bring suit until after some award had been made to him. The District Court also was influenced by the long period, over six years, of negotiations between the parties. Under the fact in Farrand, an administrative remedy was not reasonably available since the agency had ostensibly reached a point beyond which it would not go. The facts in this case are completely different as detailed above. Since plaintiff's conduct is responsible for the lack of administrative consideration of
(footnote continued)

act in a vacuum. The burden is on the applicant to show that he has been damaged by the secrecy order and the damages flowing therefrom. In this regard, plaintiff has the laboring oar. 10/ A simple "send me a settlement agreement" is not a claim. A good

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(fottnote 9 continued)

the matter, he should not be allowed to by-pass the agency by such tactics, especially in light of section 183 and its provision for administrative resolution of any claim before suit is filed. See McKart v. United States, 395 US 185,195 (1969).

10/Plaintiff is an experienced pro se litigator. He can be difficult in his role as a pro se litigator. See Constant v. Advance Micro-Devices, et al, 848 F2d 1560,1563-64 (Fed Cir 1988). Some of those dificulties have surfaced in this case where plaintiff tries to establish and operate under his own rules. The Federal Circuit has likewise had occasion to caution plaintiff for frivolous action. See Constant v. United States, No. 88-1426 Fed Cir Sept 13, 1988 (unpublished) and to sanction him. See Constant v. Wilson and Hillman, et al, No. 88-1195, etc. Fed Cir August 25, 1988 (unpublished).

faith effort is the submission of a claim for specific damages and a showing of some sort of relationship between the damages claimed and the secrecy order.

The court concludes that plaintiff has failed to properly exhaust his available administrative remedies in good faith. Further, under the circumstances, his section 183 damage claim may be premature and thus not susceptible of ascertainment until the secrecy order is lifted. Accordingly, the court feels that dismissal without prejudice of plaintiff's section 183 claim at this thime is prudent and appropriate. Should circumstances change, plaintiff would be free at a later time to pursue a section 183 claim either administratively or, if the secrecy order is lifted, in court.

For the reasons discussed above, plaintiff's motion for summary judgement is denied and defendant's cross-motion

for summary judgement (motion to dismiss) is granted. As indicated above, plaintiff's taking claim set forth in his complaint is dismissed with prejudice. Plaintiff's section 183 claim set forth in his complaint is dismissed without prejudice. The clerk is directed to enter a judgement dismissing the complaint accordingly. No costs.

IN THE UNITED STATES CLAIMS COURT

No. 147-88C

(Filed: April 12, 1989)

JAMES CONSTANT,

Plaintiff,

v.

THE UNITED STATES,

Defendant.

ERRATA

Footnote 5/ in the opinion dated April 10, 1989, is hereby deleted in its entirety. Subsequent footnotes are to be renumbered accordingly.

THOMAS J. LYDON, Senior Judge

IN THE UNITED STATES CLAIMS COURT

NOTICE

JAMES CONSTANT No. 147-88C

V.

THE UNITED STATES

Clerk's Office

Washington, D.C. April 12, 1989

To Attorney of Record, Assistant Attorney General and Senior Judge Lydon:

Please take notice that in the above case there has been entered this day on the defendant's motion, filed February 23, 1989, for leave to file, out of time, defendant's pending motion to dismiss, etc.
the following order by the Judge:
DENIED in light of Opinion dated April 10, 1989.

Frank T. Peartree, Clerk

CERTIFICATE OF SERVICE

I certify that the foregoing PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND APPENDIX were served on all parties by mailing first class three (3) true copies to each of them on 19 September, 1989 addressed as follows:

Vito J. DiPietro, Director
Commercial Litigation Branch
Civil Division
United States Department of
Justice
Washington, D. C. 20530

Solicitor General
Department of Justice
Washington, D. C. 20530

I declare under penalty of perjury that the foregoing is true and correct.

CERTIFICATE OF SERVICE

I certify that the foregoing

PETITION FOR WRIT OF CERTIORARI TO THE

UNITED STATES COURT OF APPEALS FOR THE

FEDERAL CIRCUIT AND APPENDIX were

served on all parties by mailing first

class three (3) true copies to each of

them on 15 September, 1999 addressed

as follows:

Vito J. DiMatteo, Director
Commercial Litigation Branch
Civil Division
United States Department of
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Washington, D. C. 20530

Solicitor General
Department of Justice
Washington, D. C. 20530

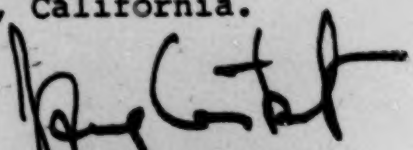
I declare under penalty of

perjury that the foregoing is true

and correct.

Executed on 19 September,

1989 at Claremont, California.



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Supreme Court, U.S.
FILED
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JOSEPH F. SPANIOL, JR.
CLERK

(2)

No. 89-471

In the Supreme Court of the United States

OCTOBER TERM, 1989

JAMES N. CONSTANT, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

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QUESTION PRESENTED

Whether the Claims Court properly dismissed petitioner's suit for compensation under 35 U.S.C. 181 *et seq.* and the Just Compensation Clause of the Fifth Amendment for damage allegedly caused by an order issued by the Commissioner of Patents and Trademarks requiring that his patent application be kept secret in the interest of national security, because petitioner failed to exhaust administrative remedies and did not allege a taking claim with any particularity.

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In the Supreme Court of the United States

OCTOBER TERM, 1989

No. 89-471

JAMES N. CONSTANT, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The order of the court of appeals (Pet. App. A2) is unpublished, but the decision is noted at 884 F.2d 1398 (Table). The opinion of the United States Claims Court (Pet. App. B2-B34) is reported at 16 Cl. Ct. 629.

JURISDICTION

The judgment of the court of appeals was entered on August 14, 1989, and the petition for a writ of certiorari was filed on September 19, 1989. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. On February 11, 1985, petitioner filed an application for a patent with the Patent and Trademark Office (PTO) in the Department of Commerce. The patent application involved an invention described as a Gravitational Mass Detector. Pet. App. B3. In March 1986, the Commissioner of Patents and Trademarks issued an order pursuant to the Invention Secrecy Act, 35 U.S.C. 181, which required that the invention remain secret and that the application remain under seal. S.A. 20-21.[1] Section 181 requires the Commissioner to withhold the grant of a patent and to require that the invention be kept secret if the Secretary of Defense or other appropriate officer concludes that the "publication or disclosure by the grant of a patent on an invention might * * * be detrimental to the national security." In this case, the secrecy order was issued by the Commissioner based on a notification by the Armed Services Patent Advisory Board in the Department of Defense that the Office of Naval Research had requested the order. S.A. 20.

The Invention Secrecy Act provides that a patent applicant whose patent is withheld under Section 181 may apply to the head of the department or agency that requested the secrecy order (here, the Department of the Navy) to obtain compensation for damage caused by the secrecy order or for any use of the invention by the government. If full settlement of the claim cannot be effected, the claimant may bring suit in federal court for an amount that, when added to

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[1] "S.A." refers to the Supplemental Appendix that was included as an appendix to the government's brief in the court of appeals.

the amount awarded by the head of the department or agency concerned, constitutes just compensation for the damage and/or use of the invention by the government. 35 U.S.C. 183.

On January 8, 1988, petitioner submitted to the Department of the Navy what the Claims Court termed a "naked request" for a settlement agreement. Pet. App. B4; see S.A. 24. His brief letter did not describe the invention or the aspects of it that the Commissioner found to be patentable, did not seek a particular amount of compensation, did not identify any damage that allegedly was caused by the secrecy order, and did not identify any use of the invention by the government. After stating that Section 183 authorizes the head of a department or agency, "upon the presentation of a claim," to enter into an agreement with the applicant, the letter simply stated: "I will appreciate having your settlement agreement as soon as possible." S.A. 24.

By letter dated March 3, 1988, the Office of the Chief of Naval Research in the Department of the Navy informed petitioner that it needed additional information in order properly to docket his claim. S.A. 17. Instead of furnishing the requested information, petitioner filed the instant suit in the United States Claims Court, alleging that his invention was taken and being used by the United States. Pet. App. B4; see S.A. 18-19.

The United States filed a motion with the Claims Court for an order requiring petitioner to request the Commissioner of Patents and Trademarks, pursuant to 37 C.F.R. 5.5, to modify the secrecy order to permit counsel for the government to have access to the application file in order to defend against petitioner's

suit.[2] This motion was based on the advice of both the PTO and the Office of Naval Research that government counsel could not be granted access to the file because the application is subject to the secrecy order and because it must in any event be maintained in confidence pursuant to 35 U.S.C. 122. S.A. 28. Petitioner objected to this motion, insisting that he had no obligation to permit disclosure of information in the application as a prerequisite to litigating his claims for compensation. S.A. 25-26, 30.

The court declined to issue an order that directly required petitioner to request the Commissioner to modify the secrecy order. Instead, the court stated that petitioner would not be permitted to proceed with his taking claim under the Fifth Amendment if he did not do so. S.A. 31. With respect to petitioner's statutory claim for compensation under 35 U.S.C. 183, the court held that petitioner could not proceed in court unless he first exhausted his administrative remedies by submitting an administrative claim containing sufficient information to permit the Department of the Navy to docket his claim and respond with a settlement offer (if appropriate), as the Department had stated in its March 3, 1988, letter. The Claims Court therefore entered a stay of proceedings for six months in order to permit petitioner to seek a modification of the secrecy order and to pursue his administrative remedies for obtaining a settlement of his compensation claim. S.A. 32-34. The court reiterated these prerequisites to petitioner's taking and Section

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[2] The United States explained that it could not frame a responsive pleading to petitioner's claims alleging a taking and use of petitioner's invention by the government unless counsel knew what the invention is and what it is supposed to do. S.A. 28.

183 claims in supplemental orders entered on June 9 and July 1, 1988. S.A. 35-37, 38-41. See Pet. App. B5, B8, B14-B15.

After petitioner submitted another unresponsive letter to the Department of the Navy, the Department again informed petitioner, by letter dated October 3, 1988, that his claim could not be docketed and investigated until petitioner provided the requested information (Pet. App. B6-B7) and that he must designate at least one claim relating to his invention that was allowed by the Commissioner and infringed by the government in the use petitioner alleged that the government had made of his invention. S.A. 43. Petitioner responded in an October 20, 1988, letter that he had no obligation to seek a modification of the secrecy order to permit access to the application and other materials in the PTO file by the Navy Department personnel responsible for responding to his request for a settlement. S.A. 44. Petitioner also insisted that he was not claiming infringement by the government, even though he did assert that the government was using his invention. S.A. 44-45.

In a final letter dated November 29, 1988, the Department of the Navy informed petitioner that the PTO had again notified it that Navy Department claims personnel could not obtain access to the PTO file unless petitioner requested modification of the secrecy order and that, although the Department did have access to petitioner's original application, it did not know what the Commissioner had determined to be petitioner's patentable invention (on which his Section 183 claim necessarily was based). S.A. 46. Accordingly, the Department informed petitioner that he had "failed to designate at least one claim * * * alleged to be infringed," and therefore had failed to

establish a claim "for use of the invention by the Government" within the meaning of 35 U.S.C. 183. Because "correspondence available to date" disclosed "insufficient grounds to establish a claim for compensation under 35 U.S.C. § 183," the Navy Department informed petitioner that "this matter is considered closed." S.A. 47. See Pet. App. B5-B8.

2. a. After expiration of the six-month stay that was entered to afford petitioner an opportunity to pursue other avenues of relief, the Claims Court dismissed petitioner's taking claim with prejudice and his Section 183 claim without prejudice. Pet. App. B2-B33. The Claims Court rested its ruling on the taking issue on alternative grounds. First, it relied on the fact that petitioner had failed to request a modification of the secrecy order, which the court had found necessary to enable counsel for the government to litigate the claim and which the court had previously made clear on several occasions was a precondition to proceeding with petitioner's suit. *Id.* at B14-B15, B19-B21. Second, the court held that the bare allegations in the complaint did not in any event state a Fifth Amendment claim. In the court's view, because petitioner explicitly stated in his brief that he did not claim compensation for damage caused by the secrecy order itself (see S.A. 48 n.**), there could be no Fifth Amendment claim in this case based solely on the issuance of the secrecy order. Pet. App. B11. The court noted that petitioner instead based his taking claim on alleged *use* of his invention by the government, but that he did not cite any specific use and indeed did not even describe the invention. *Id.* at B11, B13. The court also rejected petitioner's contention that government use of the invention could be inferred by the issuance of the secrecy order and the renewal of the order for two succeeding one-year

periods. It explained that the secrecy order might have been entered for reasons unrelated to the invention itself, such as the background of the invention or its intended environment, and that the secrecy order stated that its imposition did not constitute a determination that the government had adopted or contemplated adoption of the invention and did not indicate the value of the invention. *Id.* at B12-B13.

The Claims Court dismissed petitioner's statutory claim under 35 U.S.C. 183 because petitioner failed to exhaust his administrative remedies under that provision by declining to submit a good faith and meaningful claim to the Department of the Navy. In the court's view, the single sentence in petitioner's January 8, 1988, letter ("I will appreciate having your settlement agreement as soon as possible" (S.A. 24)) —unaccompanied by any description of his invention as allowed by the Commissioner, any uses of the invention allegedly made by the government, or any specific damage caused by the secrecy order—did not constitute a sufficient "claim" for compensation to invoke the administrative process under 35 U.S.C. 183, and therefore did not require a substantive response by the Department of the Navy. Pet. App. B16-B18, B20-B21, B25-B32.

b. The court of appeals affirmed the dismissal of petitioner's claims in an unpublished judgment order, based on the Claims Court's opinion. Pet. App. A2.

ARGUMENT

The unpublished judgment order of the court of appeals is correct and does not conflict with any decision of this Court or another court of appeals. Further review therefore is not warranted.

1. The court of appeals correctly dismissed petitioner's claim under 35 U.S.C. 183 because he did not make a good faith effort to exhaust his administrative remedies by submitting a meaningful "claim" for compensation to the Department of the Navy. Section 183 makes clear that a patent applicant may have access to the courts only "[i]f full settlement of the claim cannot be effected" as an administrative matter in an agreement with the head of the department or agency concerned. It is especially appropriate to require prior resort to administrative processes where, as here, the subject relates to protection of national security information, which is a matter committed to the Executive Branch. See *Department of the Navy* v. *Egan*, 484 U.S. 518, 527 (1988). Petitioner in fact does not dispute that exhaustion of administrative remedies is a prerequisite to suit under 35 U.S.C. 183. See also *Robinson* v. *United States*, 236 F.2d 24, 27 (2d Cir. 1956) ("the appropriate department must have been given an opportunity to act on the application"). He simply disagrees with the holding by both courts below that he did not fulfill that requirement in the circumstances of this case. See Pet. 17-21. This contention is without merit.

Section 183 expressly provides that "[t]he head of the department or agency is authorized, *upon the presentation of a claim*, to enter into an agreement with the applicant * * * in full settlement for the damage and/or use" (emphasis added). This lan-

guage makes clear that the "presentation of a claim" is a necessary prerequisite to any occasion for the head of the department or agency to consider entering into a settlement agreement, and it therefore is a threshold requirement for invoking the administrative process for the payment of compensation. Compare *Mathews* v. *Eldridge*, 424 U.S. 319, 328 (1976). Petitioner, however, never submitted anything resembling a "claim" to the Department of the Navy. He submitted only what the Claims Court called a "naked request for a settlement agreement" (Pet. App. B4), devoid of any facts upon which the Department could determine the extent to which the invention was found by the Commissioner to be patentable, the value and intended uses of the invention by petitioner, alleged uses of the invention by the United States, and the damage (if any) allegedly caused by the secrecy order.

Despite the Navy Department's request for additional information in its March 3, 1988, letter, petitioner filed suit in the Claims Court on March 7, 1988, without responding to the letter or filing a perfected claim. And despite repeated warnings from the Claims Court in its orders of May 5, June 9, and July 1, 1988, that petitioner must properly exhaust his available administrative remedies and request a modification of the secrecy order before the court would consider his case, petitioner again failed to perfect a good faith claim, submitting only another unsupported request for a "settlement agreement." As a consequence, the Department of the Navy, in its letter of November 29, 1988, properly considered "this matter * * * closed." In light of petitioner's adamant refusal to invoke the administrative process

in the manner that was repeatedly explained to him by both the Department of the Navy and the Claims Court, the courts below correctly concluded that petitioner never filed a good faith claim for compensation with the Department of the Navy and therefore did not exhaust available administrative remedies. The Claims Court therefore properly dismissed the Section 183 count in petitioner's complaint.

Petitioner does not dispute that he failed to inform the Department of the Navy or the Claims Court of a single instance of use of his invention by the government. He contends (Pet. 12-14, 16), however, that the Department of the Navy improperly insisted upon proof of use (infringement) of the invention by the government, since Section 183 also permits an award of compensation based on damage caused by the secrecy order itself, even in the absence of actual use of the invention by the government—*e.g.*, where the secrecy order prevents commercial exploitation of the invention. The difficulty with this contention is that petitioner twice informed the Department of the Navy that his Section 183 claim was based on "use" of the invention by the government (S.A. 42, 44); his complaint in the Claims Court sought compensation for the alleged use of the invention by the government, not for damage caused by the secrecy order itself (S.A. 19); and as the Claims Court pointed out (Pet. App. B11), petitioner expressly represented in his brief to the Claims Court that he " 'does not claim compensation for damages caused by the order of secrecy.' " See S.A. 48 n.**; see also Pet. 6.

In any event, petitioner's contention that he has established his entitlement to compensation in this case based on the secrecy order alone is without merit. Section 183 of course does provide for the pay-

ment of compensation in some circumstances in which a secrecy order has issued, even if the government is not actually using the invention. But contrary to petitioner's apparent contention, the patent applicant is not entitled to compensation based on the mere issuance of a secrecy order. Section 183 provides for "compensation for the damage *caused* by the order of secrecy" (emphasis added). In other words, the applicant must show that the secrecy order in turn affected his ability to exploit the invention or otherwise "caused" him injury. In *Constant* v. *United States*, 617 F.2d 239, 244 (1980), the Court of Claims held that petitioner had sufficiently stated a claim of injury where he alleged that he had begun to develop the invention at issue and the intervention of the secrecy order caused his applications for loans to be rejected and limited his ability to demonstrate the usefulness of the invention to others. Petitioner made no such showing—and indeed no such allegations—here.

Petitioner objects (Pet. 17-21) to the Claims Court's adherence in this case (see Pet. App. B16) to the conclusion by the Court of Claims in the prior case that Section 183 contemplates that "neither the courts nor the administrative agencies would permit purely speculative damages, but that there would have to be 'real concrete evidence of damages,' 'actual damages,' 'proven damages,' or 'perhaps a greater degree of proof or ability to prove damages.'" *Constant* v. *United States*, 617 F.2d at 244 (citations omitted). This prior construction of Section 183 informed the Claims Court's conclusion in this case that petitioner's submission to the Department of the Navy did not sufficiently state a "claim" under Section 183 because it did not state how he was damaged by the secrecy order. See Pet. App. B16-B17, B18, B28 n.7,

B31. As the Court of Claims made clear in the prior case, however, the limitation that "speculative" damages are not to be allowed under Section 183, and that there must instead be concrete proof of actual damages, was drawn directly from the legislative history of Section 183. 617 F.2d at 244. Petitioner has made no effort to show that the Court of Claims' construction was wrong in this respect. Moreover, that prior ruling was rendered in another case brought by petitioner. Principles of issue preclusion would appear to bar petitioner from relitigating that question here. *United States* v. *Stauffer Chemical Co.*, 464 U.S. 165 (1984).

2. For several reasons, the Claims Court also correctly dismissed petitioner's claim for compensation directly under the Just Compensation Clause of the Fifth Amendment.

First, petitioner was repeatedly informed by the court that, as a precondition to proceeding with his taking claim, he must request modification of the secrecy order to allow counsel for the government sufficient access to the PTO application file to enable the government to defend against that claim. Petitioner nonetheless declined to seek modification of the order. The Claims Court was fully justified in dismissing petitioner's taking claim on that ground alone.

Second, as this Court has repeatedly held, the Fifth Amendment does not prohibit the taking of private property by the government for a public use. It prohibits only the taking of property without just compensation. *First English Evangelical Lutheran Church* v. *County of Los Angeles*, 482 U.S. 304, 314 (1987); *Williamson County Regional Planning*

Comm'n v. *Hamilton Bank*, 473 U.S. 172, 194 (1985). "Nor does the Constitution require that just compensation be paid in advance of, or contemporaneously with, the taking; all that is required is that a ' "reasonable, certain and adequate provision for obtaining compensation" ' exist at the time of the taking." *Williamson County*, 473 U.S. at 194 (quoting *Regional Rail Reorganization Act Cases*, 419 U.S. 102, 124-125 (1974)). "If the government has provided an adequate process for obtaining compensation, and if resort to that process 'yield[s] just compensation,' then the property owner 'has no claim against the Government' for a taking." *Williamson County*, 473 U.S. at 194-195 (quoting *Ruckelshaus* v. *Monsanto Co.*, 467 U.S. 986, 1013 (1984)). It follows from these principles that petitioner has no claim against the government in a suit directly under the Tucker Act, 28 U.S.C. 1491, for a taking of property. Even if we assume that petitioner has sufficiently established a taking, any such taking was not "without * * * compensation." As we have explained, 35 U.S.C. 183 affords a patent applicant a fully adequate means to recover "just compensation" from the United States for the government's use of his invention or damage caused by a secrecy order. Compare *Williamson County*, 473 U.S. at 195-197. Petitioner simply failed to comply with reasonable requirements for invoking and exhausting his remedies under Section 183 by declining to submit a sufficiently documented claim.

Third, petitioner's taking claim fails because he has wholly failed to establish that a taking of his property has occurred. Because petitioner has pointed to no use of his invention by the government—and thus has failed to substantiate the only basis he articulated for his claim—he cannot claim that the government has appropriated his property. Perhaps his

taking claim could be thought to rest instead on the premise that the withholding of the patent and imposition of the secrecy order so limited his ability to exploit the invention as to amount to a taking. That would essentially be a claim of a "regulatory taking." But not every act of the government that delays a grant or permit (here, the patent) or restricts the use of property constitutes a compensable taking. See, *e.g.*, *Radioptics, Inc.* v. *United States*, 621 F.2d 1113, 1126-1129 (Ct. Cl. 1980) (imposing security restrictions on proprietary research proposal submitted to Atomic Energy Commission did not give rise to a compensable taking claim). Rather, whether regulation of the use of property goes so far as to amount to a taking depends on the particular circumstances of the case, guided by consideration of the nature of the governmental action, its economic impact, and the extent to which it has interfered with reasonable investment—backed expectations. See *Hodel* v. *Irving*, 481 U.S. 704, 713-714 (1987); *Keystone Bituminous Coal Ass'n* v. *DeBenedictis*, 480 U.S. 470, 495 (1987). In this case, petitioner has not even identified his property interest, much less established that the secrecy order has diminished the value of that interest or interfered with whatever reasonable investment-backed expectations he might have had. He has not shown, for example, that he was in a position to make commercial use of his invention. These matters bearing on the question whether a taking has occurred could have been developed if petitioner had exhausted the remedy afforded him by Section 183. Compare *Williamson County*, 473 U.S. at 188-191; *Ruckelshaus* v. *Monsanto Co.*, 467 U.S. at 1018 n.21.[3]

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[3] Petitioner relies (Pet. 16) on *Central Hudson Gas & Electric Corp.* v. *Public Service Comm'n*, 447 U.S. 557 (1980),

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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for the proposition that his patent application, as commercial speech, is protected by the First Amendment. However, no First Amendment claim is properly before the Court. Except to the extent petitioner's suit arises under 35 U.S.C. 183, the Claims Court's jurisdiction in this case rested on the Tucker Act, which authorizes suits for a money judgment. Petitioner cannot seek damages for violation of the First Amendment under the Tucker Act, because the First Amendment (unlike the Just Compensation Clause of the Fifth Amendment) does not mandate the payment of money damages. Compare *United States* v. *Hopkins*, 427 U.S. 123, 130 (1976) (damages not available under Tucker Act for violation of Due Process Clause). Moreover, petitioner did not request that the secrecy order be rescinded or appeal its imposition to the Secretary of Commerce, as authorized by 35 U.S.C. 181 and 37 C.F.R. 5.4 and 5.8. In any event, in *Central Hudson*, the Court in fact restated longstanding doctrine recognizing that commercial speech is subject to reasonable limitations based on a substantial interest (here, national security). 447 U.S. at 564-566.

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